



Department of Justice

FOR IMMEDIATE RELEASE
WEDNESDAY, MAY 1, 2002
WWW.USDOJ.GOV

AT
(202) 514-2007
TDD (202) 514-1888

TWO INDIVIDUALS PLEAD GUILTY TO BID RIGGING AT SHERIFFS' AUCTIONS IN NASSAU AND SUFFOLK COUNTIES, NEW YORK

WASHINGTON, D.C. -- Two New York individuals pleaded guilty to charges of participating in a conspiracy to rig bids at public sheriffs' auctions in Nassau and Suffolk Counties, New York, the Justice Department announced today. The Department said the conspiracy allowed the individuals to buy auctioned cars and business inventory at artificially low prices and deprived its owners and creditors of the full value of the auctioned properties.

John Jay Ortiz and Edward Shaw, both residents of New York, were separately charged in U.S. District Court in Central Islip, New York, with participating in a conspiracy to rig bids by secretly agreeing not to bid against each other at public sheriffs' auctions in Nassau and Suffolk counties at various times between August 1996 and January 2001. Ortiz pleaded guilty today, and Shaw pleaded guilty yesterday, April 30, 2002.

Sheriffs' auctions are public auctions held to obtain the highest possible price for seized property in order to satisfy a judgment issued by the court when a creditor sues a debtor for defaulting on a debt.

According to the charges, the individuals carried out the conspiracy by designating one member of the group to bid the lowest price possible to obtain the property at public auction. After the public auction, the conspirators would hold a private auction among themselves where they bid against each other on the foreclosed property at prices higher than the price paid by the

designated winning bidder at the public auction. The highest bidder at the private auction would win the property, be assigned the right to purchase the property by the public auction winner, and make commission payoffs to the other conspirators to compensate them for not bidding at the public auction. The sum of the commission payoffs was the difference between the prices paid at the public and private auctions and represented money lost to judgment creditors, lien holders, and property owners.

Ortiz and Shaw were charged with violating Section One of the Sherman Act which carries a maximum penalty of three years imprisonment and a maximum fine of \$350,000 for an individual. The fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

The ongoing investigation into bid rigging at sheriffs' auctions is a joint effort by the Antitrust Division's New York Field Office and the U.S. Attorney's Office in Brooklyn, along with the assistance of the Federal Bureau of Investigation.

###